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SUBJECT: JORDAN: LEADING U.S. INVESTOR RUNS INTO MORE
PROBLEMS

Sensitive but Unclassified.

[11.](#) (SBU) Summary. The largest U.S. investor in Jordan, the Albemarle Company of Richmond, Virginia, is "heartbroken" by the GOJ's October 15 sale of 50% of its stake in the Arab Potash Company -- Albemarle's joint venture partner in the Jordan Bromine Company -- to the Potash Corporation of Saskatchewan. Albemarle believes that the Canadian company's interests are in conflict with those of Jordan Bromine, and that its Jordanian partners did not address Albemarle's concerns in moving forward with the partial privatization. The company argues that this reflects poorly on Jordan's investment climate and is developing a strategy to engage the Jordanian government at senior levels. End Summary.

[12.](#) (SBU) Scott Sutton, the Tokyo-based Albemarle official directly responsible for the company's \$90 million investment in the Jordan Bromine Company (JBC), called ECON/C October 27 to register his company's dismay at the Jordanian government's sale of 50% of its interest in APC to the Potash Corporation of Saskatchewan (PCS). (APC is Albemarle's 50% percent partner in JBC. The GOJ sold half of its 52% interest in APC to PCS, giving PCS a 26% stake in APC and, derivatively, a 13% share in JBC. In addition to its ownership interest, PCS will control APC management.) The sale alarms Albemarle because it makes PCS, a major global competitor, effectively its unwelcome partner in JBC. Heightening Albemarle's concern about conflicting business interests, PCS owns 9% of JBC's main competitor in the bromine business, Dead Sea Bromine of Israel.

[13.](#) (SBU) Sutton called this an "unfriendly takeover" and a change in the rules of the game that was "any investor's nightmare." He said JBC would now need PCS's approval before undertaking any expansion or new investment projects in Jordan. For example of how PCS could stand in the way, Sutton observed that PCS would have little or no financial interest in agreeing to a JBC expansion plan that came at the expense of Dead Sea Bromine.

[14.](#) (SBU) Albemarle's efforts to raise its concerns with the Jordanian government before the transaction with PCS was completed on October 15 fell on deaf ears. Sutton said Deputy Prime Minister Halaigah -- who had been Albemarle's local champion -- was unresponsive and that Executive Privatization Commission chief Adel Kodah did not return phone calls. Albemarle is now formulating a strategy on how to address its concerns with the GOJ. Since Albemarle thinks it is important that the GOJ maintain an ownership interest in JBC's success, a preferred solution would be for APC to sell its interest in JBC to a GOJ entity like the Social Security Commission.

[15.](#) (SBU) Sutton said Albemarle had viewed its investment in JBC as a model of U.S. investment in Jordan. Unfortunately, "what everybody fears when investing in a developing country" had now come to pass. He noted how the Jordanian government had touted Albemarle's investment as a success story for foreign investors -- including at an October 16 conference in Washington that was attended by senior Albemarle executives -- and yet seemed indifferent to the investor's concerns.

[16.](#) (SBU) Comment: Many competing factors were at stake in the GOJ decision to sell part of its APC stake to PCS, not least the \$173 million in privatization income the government will earn and its desire to make progress on the privatization process. The concerns of Albemarle, which has had a convoluted relationship with the GOJ, do not seem to have figured in the decision process. This is not the first time Albemarle has had serious issues with the GOJ. Earlier this year, Albemarle, APC and the GOJ had a long and difficult re-negotiation of their joint venture agreement to address Albemarle's need to retain more cash for investment. The GOJ, rather than seeing Albemarle's success as one to be cultivated as a model for foreign investment (the project, on plan and on target, began exporting bromine earlier this year), has tended to address Albemarle's concerns reluctantly

and only under high-level pressure from the company. More of that pressure may now be in store, and Albemarle can be expected to ask the U.S. government to help.

GNEHM